

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 7035 - SB 7079

August 23, 2023

SUMMARY OF BILL AS AMENDED (009561): Requires the Department of Health (DOH) to administer and process a student loan repayment grant program (program) for certain eligible licensed physicians, psychologists, and licensed counselors. Establishes eligibility requirement in which such medical professionals must provide mental health services in this state for at least five years within the seven years following the date of application for grant approval. Specifies that grant monies are only applicable to a qualifying individual's medical school educational loans, including interest and related expenses. Authorizes the DOH to enter into contracts with any Tennessee nonprofit corporation, subject to certain restrictions, to carryout operations of the program.

Requires the DOH to provide an annual report to the Governor, the Chair of the Education Administration Committee of the House of Representatives, the Chair of the Education Committee of the Senate, and the Legislative Librarian outlining the number of individuals applying for and awarded grants, and any recommendations for program improvements, no later than January 1 of each year. Effective January 1, 2024.

FISCAL IMPACT OF BILL AS AMENDED:

Increase State Expenditures - \$21,850,000/FY24-25

Exceeds \$21,850,000/FY25-26 and Subsequent Years

Other Fiscal Impact - Authorizing the DOH to enter into contracts with a Tennessee nonprofit corporation could result in additional increases in state expenditures; however, the precise increase cannot be reasonably determined due to multiple unknown factors.

Assumptions for the bill as amended:

- The proposed legislation establishes the amount of student loan repayment grants be for the amount of principal, interest, and related expenses of the individual's medical school educational loans, not to exceed the individual's total student loan debt.
- It is assumed student loan repayments will begin in FY24-25.
- According to Association of American Medical Colleges, the median education debt of medical school graduates was \$200,000, as of the year 2020.

HB 7035 - SB 7079

- Grant recipients are required to provide mental health services in this state for at least five years within the seven years following the date of application approval.
- It is estimated that the average recipient will receive a \$25,000 award each year over an eight-year period.
- According to the Association of American Colleges, there were 577 practicing physicians specializing in psychiatry in Tennessee as of 2021.
- Based on information provided by the DOH, there are approximately 1,392 active licensed psychologists with a health service provider designation in the state.
- According to the Tennessee Licensed Professional Counselor's Association, there were 2,400 licensed professional counselors with a mental health service provider designation, as of December 2020.
- A total of approximately 4,369 individuals (577 + 1,392 + 2,400) eligible to apply for student loan repayment grant.
- This analysis assumes that 20 percent of eligible individuals will participate in the grant program, or 874 individuals (4,369 x 20%).
- The increase to state expenditures is estimated to be \$21,850,000 (874 recipients x \$25,000) in FY24-25.
- The increase to state expenditures is estimated to exceed \$21,850,000 in FY25-26 and subsequent years.
- Authorizing the DOH to enter into contracts with any Tennessee nonprofit corporation in which to carryout operations of the program could result in increased expenditures to the department. However, future contractual arrangements are unknown; therefore, any increase in state expenditures cannot be reasonably determined.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

/lm